

**PUBLIC DISCLOSURE**

March 3, 1997

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Greenwood Bank & Trust

05450621

P. O. Box 218

Greenwood, South Carolina 29648

**Federal Reserve Bank of Richmond**

**P. O. Box 27622**

**Richmond, Virginia 23261**

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires each Federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Greenwood Bank & Trust, Greenwood, South Carolina, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of March 3, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory.

Considering its financial capacity and demand for credit in the community, the bank's loan-to-deposit ratio is considered more than reasonable. A substantial majority of loans sampled during the examination were extended to borrowers residing within the assessment area. The institution's level of lending to low- and moderate-income residents is greater than the representation of such families within the market. Additionally, the geographic distribution of lending inside the assessment area appears reasonable given area demographics.

The following table indicates the performance level of Greenwood Bank & Trust with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Greenwood Bank &amp; Trust</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints have been received since the prior examination.		

## DESCRIPTION OF INSTITUTION

Greenwood Bank & Trust operates three offices located in Greenwood County, South Carolina. The bank has opened one new branch facility and closed one location since the previous evaluation. As of December 31, 1996, the institution had total assets of \$97 million, of which 72% were loans. Various deposit and credit products are available through the institution, including loans for residential mortgage, commercial, consumer, and agricultural purposes. The bank's loan portfolio, as of December 31, 1996, was comprised of the following: 64% real estate secured (consumer and business), 25% commercial, and 11% consumer. Based on the number of loans recently extended, small business and consumer unsecured credits have been identified as the bank's primary loan products. The institution's previous CRA rating was satisfactory.

## DESCRIPTION OF ASSESSMENT AREA

The institution's assessment area includes Greenwood County, South Carolina. According to the 1990 census, the local population is 59,567. The market consists of ten block numbering areas (BNAs) of which one is moderate-income, six are middle-income, and three are upper-income. There are no low-income geographies within the assessment area. The following table provides market demographics by the income level of families. As illustrated by the following chart, a majority of families residing in the assessment area (64%) are middle- and upper-income.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	20%	16%	20%	44%	100%

Greenwood County, South Carolina, is located in the Upper Savannah Region of South Carolina. The area is situated in the southwest portion of the state, approximately 74 miles from Columbia, the state capital. Although the county is predominantly rural, recent state and local efforts to promote the region have resulted in increased economic development. Manufacturing companies including textiles and medical and surgical products have emerged as the area's primary industries. The current unemployment rate for the county is 5.7%, slightly higher than the current jobless rate of 5.6% for the state. The 1996 median family income for nonmetropolitan areas within the State of South Carolina is \$33,300.

A representative from a local economic development organization was contacted during the examination to further assist in evaluating the bank's CRA performance. The contact indicated that the area has experienced steady economic growth over the past several years.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **LOAN-TO-DEPOSIT RATIO**

The average loan-to-deposit ratio for the previous six quarters is 86%. This ratio is considered more than reasonable given the institution's size, financial capacity, and current local economic conditions. Total loans have consistently increased over the previous six quarters by approximately 30%. Since the previous evaluation, total deposits have increased by 21%. As of September 30, 1996, the average loan-to-deposit ratio for banks headquartered in nonmetropolitan areas of South Carolina and of similar size to Greenwood Bank & Trust is 67%.

### **LENDING IN ASSESSMENT AREA**

A sample of 44 business and 56 consumer unsecured loans was reviewed to determine the volume of the institution's lending within the assessment area. The following chart demonstrates the bank's lending activity within its market areas by number and dollar amount.

Comparison of Credit Extended Inside and Outside of Assessment Area

	<b>Inside Assessment Area</b>	<b>Outside Assessment Area</b>	<b>Total</b>
<b>Total Number of Loans</b>	87	13	100
<b>Percentage of Total Loans</b>	87%	13%	100%
<b>Total Amount of Loans (000's)</b>	\$1,549	\$624	\$2,173
<b>Percentage of Total Amount</b>	71%	29%	100%

As illustrated above, a substantial majority of the number and dollar amounts of the sampled loans have been provided to borrowers residing within the assessment area.

### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES**

The following charts illustrate the distribution of the consumer unsecured and small business loans extended within the assessment area by income level of the borrower and to businesses of different sizes.

Distribution of Loans by Income Level of Borrower

#### Consumer Unsecured Loans

	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total</b>
<b>Total Number of Loans</b>	9	15	11	14	49
<b>Percentage of Total Loans</b>	18%	31%	22%	29%	100%
<b>Total Amount of Loans (000's)</b>	\$17	\$16	\$20	\$37	\$90
<b>Percentage of Total Amount</b>	19%	17%	22%	42%	100%

The volume of consumer unsecured loans extended to low- and moderate-income residents (49%) is slightly greater than the representation of such families within the assessment area. As previously mentioned, low- and moderate-income families comprise 20% and 16% of the market population, respectively.

Distribution of Loans by Size of Business

	Revenues $\leq$ \$1 Million	Revenues $>$ \$1 Million	Total
Total Number of Loans	36	2	38
Percentage of Total Loans	95%	5%	100%
Total Amount of Loans (000's)	\$1,333	\$126	\$1,459
Percentage of Total Amount	91%	9%	100%

The loans extended to businesses with gross annual revenues of \$1 million or less demonstrate the bank's willingness to meet small business credit needs.

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The review of loan files also included an analysis of lending among BNAs within the institution's assessment area. As previously indicated, the local community contains no low-income areas and consists primarily of middle- and upper-income geographies. The following charts show the distribution of sampled loans by income level of geography.

Distribution of Loans in Assessment Area by Income Level of Census Tract

Consumer Unsecured Loans

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	3	25	21	49
Percentage of Total Loans	6%	51%	43%	100%
Total Amount of Loans (000's)	\$4	\$43	\$43	\$90
Percentage of Total Amount	5%	47%	48%	100%

Business Loans

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	6	14	18	38
Percentage of Total Loans	16%	37%	47%	100%
Total Amount of Loans (000's)	\$465	\$230	\$764	\$1,459
Percentage of Total Amount	32%	16%	52%	100%



The geographic distribution of loans for both credit types is reasonable given the local population residing in geographies of various income levels. Only 10% of the county's population reside in moderate-income areas. Fifty-three percent and 37%, respectively, of the remaining assessment area population reside in middle- and upper-income geographies.

#### **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Technical violations of the Equal Credit Opportunity Act's Regulation B were noted. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.